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**PACIFIC X TELESIS**  
Group - Washington

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February 18, 1997

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

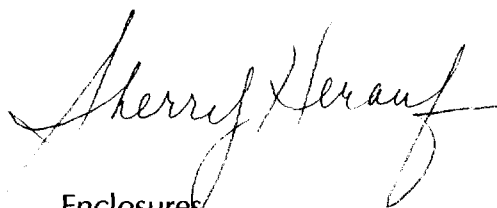
Dear Mr. Caton:

Re: CC Docket No. 93-129, 800 Data Base Access Tariffs and the 800 Service  
Management System Tariff; CC Docket No. 86-10, Provision of 800 Services  
Service and Internet Access Providers

On behalf of Pacific Bell, please find enclosed an original and twelve copies of its  
"Reply Comments" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact  
me should you have any questions or require additional information concerning this  
matter.

Sincerely,



Enclosures

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEB 18 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of

800 Data Base Access Tariffs and the

800 Service Management System Tariff

and

Provision of 800 Services

CC Docket No. 93-129

CC Docket No. 86-10

**PACIFIC BELL'S REPLY COMMENTS**  
**IN SUPPORT OF ITS**  
**PETITION FOR RECONSIDERATION**

I. **INTRODUCTION AND SUMMARY**

Pacific Bell hereby files reply comments in support of its petition for reconsideration of an FCC order that disallowed us a \$1.3 million exogenous cost adjustment for expenses associated with implementing the Commission's 800 data base requirements in our tandem offices. The sole commenter -- AT&T -- makes two erroneous assertions.

- First, AT&T alleges that the Commission appropriately denied us recovery on the basis we incurred the relevant costs to meet FCC access time standards. AT&T's sole "support" for this erroneous allegation is an irrelevant passage from the Commission's *800 Rate Structure Order* regarding meeting the *SS7 implementation timetable*. This has nothing to do with meeting *access time standards*, and even if it did, our 800 data base costs had nothing to do with SS7 implementation.

Thus, we were correct when we alleged that the Commission misconstrued its own precedent when it denied our claimed exogenous cost adjustment.

- Second, AT&T disputes our factual allegation that the tandem upgrades can only be used in connection with 800 services, but offers no contravening facts of its own. AT&T's allegation that "such tandem switch upgrades are capable of other functions" is just plain wrong.

II. THE FCC DENIED US EXOGENOUS COST RECOVERY FOR INADEQUATE REASONS: AT&T'S PETITION DOES NOT ESTABLISH OTHERWISE

The Commission denied us exogenous cost recovery for a sole reason: because our tandem upgrades were intended to meet the FCC's access time standards. We showed in our petition that the FCC's assertion that costs incurred for this reason were unrecoverable was not consistent with its own precedent. We stated:

The Commission based its rejection of Pacific's exogenous cost request on the assertion that "the Commission has expressly stated that the costs of meeting the access time standards are not eligible for exogenous treatment." *800 Data Base Order*, ¶ 125, citing *800 Rate Structure Order*. However, *the 800 Rate Structure Order nowhere states that costs incurred as a result of meeting the Commission's access time standards are not recoverable*. Thus, the Commission's decision to reject Pacific's claim rests on an erroneous legal premise and should be reconsidered.

AT&T claims erroneously that Commission precedent supports denying an exogenous adjustment for costs incurred to meet FCC access time standards. AT&T quotes a completely irrelevant passage from the FCC's *800 Rate Structure Order*<sup>1</sup> to try to make its case. That passage states that "the costs of accelerating *SS7 deployment* to meet [the] *implementation timetable* [will not] be granted exogenous treatment." However, the tandem costs at issue here had nothing to do with *SS7 deployment*, and the "implementation timetable" has nothing to do with "access time standards."

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<sup>1</sup> *Provision of Access for 800 Service*, CC Docket No. 86-10, *Second Report and Order*, 8 FCC Rcd 907, 911 (1993) ("*800 Rate Structure Order*").

Thus, we stand by our original statements: the Commission should not have denied us exogenous recovery because it did so based on a misinterpretation of its own precedent.

III. AT&T OFFERS NO FACTS TO SUPPORT ITS CLAIM THAT OUR 800 TANDEM UPGRADES CAN BE USED FOR NON-800 SERVICES

AT&T admits that the Commission's rules allow us an exogenous adjustment for costs "specifically incurred for the implementation and operation of the 800 data base system . . . ." AT&T at 3, citing *800 Rate Structure Order*, 8 FCC Rcd at 911. We explained in our petition that the costs at issue were incurred for precisely this purpose, and that we could not use the tandem upgrades for any reason other than to offer 800 data base service. *Petition* at 4-5.

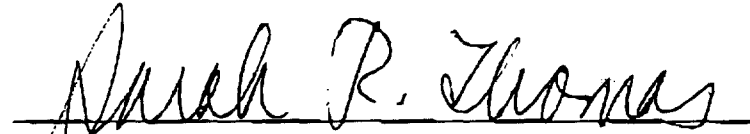
Without offering a single fact in support of its assertion, AT&T claims that our "tandem switch upgrades are capable of other functions." AT&T at 4. AT&T fails to mention the "other functions" for which the 800 Service Switching Point ("800SSP") software feature might be used. In fact, the 800SSP feature package in our access tandems supported, and only supported, the 800 data base. Indeed, when the 800 service drew close to exhaust, and FCC opened the new 888 toll-free code, we had to buy a new feature package to support 888. Thus, we incurred the 800 tandem costs solely "for the operation of the 800 data base system," and the FCC should not have denied our claim for a \$1,315,000 exogenous adjustment recovery.

IV. CONCLUSION

AT&T's opposition does not change the fact that we incurred 800 data base tandem costs for which the FCC should have allowed us recovery. We again urge the Commission to reconsider its disallowance of \$1,315,000 in tandem costs.

Respectfully submitted,

PACIFIC BELL

A handwritten signature in cursive script, reading "Sarah R. Thomas", written over a horizontal line.

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Its Attorneys

Date: February 18, 1997

**CERTIFICATE OF SERVICE**

I, Michelle K. Choo, do hereby certify that on this 18th day of February, 1997, a copy of the foregoing "**Pacific Bell's Reply Comments In Support Of Its Petition For Reconsideration**," was mailed by U.S. first-class mail, postage prepaid to the parties listed below.



Michelle K. Choo

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Ava B. Kleinman  
Seth S. Gross  
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